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I. Summary

“For the vast majority of Americans who want to do the right thing, the IRS should do right by them, and that means treating them with respect and trust. And, it means recognizing that taxpayers are its customers.”

Vice President Gore

Far too many Americans feel the Internal Revenue Service is not doing right by them, or that it doesn't treat them with the respect and trust they deserve. Taxpayers can't understand complex IRS forms, notices and procedures. IRS phones and toll-free numbers are often busy. Taxpayers who get through frequently get put on hold or transferred to a person who cannot answer specific questions. Taxpayers who do not speak English are unlikely to reach an employee who speaks their language. And even the simplest problems can take far too long to resolve.

On May 20, 1997, Vice President Al Gore and Treasury Secretary Robert Rubin launched a National Performance Review study to find ways to improve customer service at the IRS. The IRS Customer Service Task Force consisted of over 60 front-line IRS employees and managers, Department of Treasury officials, and members of the National Performance Review. The Task Force interviewed hundreds of people: it listened to complaints, read letters from taxpayers and met with tax preparers. The Task Force gathered ideas from others in government and the private sector, including businesses that excel in customer service and consultants who help those companies improve customer service.

The Task Force also looked at IRS pilot programs that have improved customer service and compliance and collected ideas from front-line employees. For example,

the IRS has run programs with small businesses that were on the verge of bankruptcy because of tax troubles. Special IRS teams moved in to work with these businesses and designed plans that allowed them to pay off tax debts and keep afloat, saving jobs and contributing to the local economy. In the process the IRS doubled the tax revenues collected in one area. As a preventive measure, the teams also set up an intensive taxpayer education program to teach businesses what the IRS expects them to do and how to do it.

The Task Force studied other government reinvention efforts and found ample evidence that enforcement is not the only good method of ensuring compliance with the law. It examined programs that prove that agencies that treat people like customers and partners can be more

successful in encouraging people to obey the law, and can then focus enforcement efforts on those who deliberately violate it. For example, until the U.S. Customs Service began working with airlines, importers and the rest of the trade community, Customs at the Miami Airport had a history of long lines for passengers and endless waits for cargo. Customs designed and implemented a plan that enabled them to identify high risk passengers or freight before a plane landed. This resulted in an increase in drug seizures, faster passage through customs

for law-abiding passengers and less waiting time for importers. Similar results were found at the Environmental Protection Agency and the Occupational Safety and Health Administration when these agencies joined with

the people and companies they regulate to solve problems — results such as cleaner air, fewer injuries and fewer violations and fines.

The report of the Task Force contains more than 200 actions which share a clear goal: to ensure that every taxpayer is treated with fairness and respect and that IRS customer service begins to meet the same standards that characterize private sector firms. Together these actions will make the IRS easier to deal with in everything from finding forms to filing taxes, from getting information to resolving a problem.

Highlights of the Actions:

1. Ban Measures That Undermine Fair Treatment of Taxpayers

- The IRS will immediately ban measures such as using enforcement activities to rank districts and assigning dollar goals for districts and service centers (MS01¹).
- The IRS will work with the National Treasury Employees Union to design and test a balanced scorecard to evaluate the IRS and its employees in 1998. The scorecard will rate performance on: (1) customer service, based on customer satisfaction surveys; (2) employee satisfaction; and (3) business results (MS02).
- Over the longer term, the IRS will change how it selects, trains, evaluates, rewards and supports its employees so they can better serve customers (HP01.1).

2. Provide Better Telephone Service

- *Increase Hours*

To make service more convenient, the IRS will by January 1, 1998 expand telephone service to 6 days a week, 16

¹ Numbers refer to Actions of Reinventing Service in the IRS accompanying reports (See Appendix for actions grouped by topic in Sections II and III of this report).

What IRS Customers Say They Want

- Fair, respectful and courteous treatment
- Minimum contact with the IRS
- Easier, simpler forms and notices
- Easy access to help
- Quick resolution of problems

hours a day. By January 1, 1999 the IRS will expand telephone service to 7 days a week, 24 hours a day (C101.2). Currently, callers can get their questions answered by an IRS customer service representative only 5 days a week, 12 hours a day. Expanded phone service will be achieved by putting more of the current workforce on the phones during peak calling periods, using a new national call-routing system to route calls to the next available customer service representative, and forwarding calls to employees in other time zones during late night hours.

- *Expand Customized Services*

In 1999 the IRS will begin using new call-routing technology to provide information that is geared to specific customers' needs — such as the tax implications of the sale of a house, retirement or job change and multilingual service (C101.1). The IRS will also provide nationwide telephone services for tax preparers (C101.6).

3. Make It Easier To Get Answers

- *Institute New "Problem Solving Days"*

Beginning on November 15, 1997 the IRS instituted monthly "Problem Solving Days" in every district, during which employees listen to and resolve taxpayer problems (C107.1).

- *Expand Office Hours*

Beginning in 1998 the IRS will open district offices on Saturdays during the busiest weekends of the filing season (C104.2).

- *Open More Convenient Locations*

Beginning in 1999 the IRS will open additional temporary community-based locations such as banks, libraries or shopping malls during peak tax season to distribute

publications and forms (C104.1). It will also expand the telephone information system so that people can find out when and where they can get help (C104.3).

- *Improve Tracking of Complaints*

Using the Taxpayer Advocate's Problem Resolution Information System (PROMIS), the IRS will track complaints (FP06.1) and, if unresolved in a reasonable period of time, reassign the case to the next higher level of management (C107.2). These changes will go hand in hand with the strengthened Taxpayer Advocate and Citizen Advocacy Panels described in II.e.

- *Review Unnecessary Penalties*

The Administration will undertake a comprehensive review of the fairness and effectiveness of all penalties, report to Congress in 1998 and make recommendations for legislative changes (FP04.1).

4. Reduce and Simplify Forms and Notices

- *Rewrite Notices*

By 1999 the IRS will completely rewrite in plain language its most frequently used notices, like those for late payment or mathematical errors. These notices will be released only after they are tested for clarity and acceptance by taxpayers who do not have accounting or tax law backgrounds (NC01.1).

- *Eliminate 30% of All Notices*

By the end of 1998 the IRS will eliminate additional unnecessary notices. This will eliminate more than 45 million pieces of mail — almost one-third of the notices the IRS has been sending to taxpayers (NC02.5).

- *Simplify Forms and Brochures*

During 1999 the IRS will create easy-to-read brochures to

provide important information on tax benefits and obligations when and where taxpayers need it, such as at banks or realty companies after the purchase of a home (CM04.2). By 2000 the IRS will rewrite the basic 1040 instruction package and test it for clarity on ordinary taxpayers (CM01.2).

5. Strengthen Customized Support For Small Businesses

- *Help Start-Up Businesses*

Beginning in 1998 the IRS will team up with other federal agencies, financial institutions, tax preparers, state and local authorities and others to provide tax information, training and consultative services to small start-up businesses. These services are designed to make record keeping, filing and payment requirements as simple and easy as possible (SB01.2).

- *Provide Specialized Phone Services*

In 1998 the IRS will offer small businesses the opportunity to use TeleFile, expanding a successful pilot program nationwide. The IRS will provide small businesses with 24 hour a day phone assistance geared to their needs by the 1999 tax season (SB07.1).

- *Work With Troubled Small Businesses*

The IRS will work with troubled small businesses to help them comply, stay in business and avoid future tax problems, expanding on successful pilot programs in California, Maine and elsewhere (SB05.8).

6. Expand Electronic Filing

- *TeleFile*

By 1998 the IRS will increase by 3 million, or about 10 percent, the number of taxpayers who are eligible to use

TeleFile — the telephone filing system. Also, the IRS will extend the use of TeleFile for business (FP09.2).

- *Electronic Filing*

The IRS will increase the number of forms that can be filed electronically and educate customers about the benefits of electronic filing — fewer hassles, fewer contacts with the IRS and faster refunds (FP09.4).

- *Paperless Taxes*

In 1999 the IRS will work to enable taxpayers to file paperless returns by eliminating the need for mailing in W-2s and other forms and for paper signatures (FP09.7).

7. Introduce New Payment Options

- For the first time, beginning in 1999 taxpayers who file electronically will be able to pay their taxes with a direct withdrawal from their bank accounts. In addition, the IRS is seeking credit industry partners to test credit cards for taxpayers who file electronically in 1999 (FP09.8). These new options will build upon the successful experience with about 15 million taxpayers whose refunds are deposited electronically.

8. Eliminate Unnecessary Filing

- In 1998 the IRS will step up its public efforts to inform nearly two million older and lower-income taxpayers who are currently filing federal tax forms that they don't need to file, saving them and the IRS time and money (FP01.1).

9. Upgrade Technology to Improve Customer Service

- In the long term, the IRS Modernization Blueprint will improve assistance to customers by making accurate,

electronically accessible and up-to-date information available on taxpayer returns and accounts while providing stringent protection of taxpayer privacy (CI01.7). In 1998, for example, the IRS will pilot a national call-routing system and provide simpler menus to let taxpayers get information more easily, including a much more reliable TeleTax system to check on the status of their refunds (CI01.8).

10. Improve Customer Service Training

- Before the 1998 filing season the IRS will have an intensive agency-wide special training program. This program will initiate the new approach to customer service and make specific plans for the 1999 filing season (HP15.1). In addition, IRS managers, including the Commissioner, will spend time each year serving customers (HP18.2).



Taken together, these actions promise to introduce a new culture of customer service at the IRS. Accountability at all levels for customer satisfaction, greater access to telephone and walk-in service, easier-to-understand forms and notices, expanded electronic filing, improved technology, an effective complaint system — all this will make it simpler to get questions answered, fill out forms and pay taxes. This program will provide new support for small business, the lifeblood of the American economy and the taxpayers who face the greatest hurdles in achieving compliance.

These actions will help ensure that the IRS meets Vice President Gore's statement that taxpayers have the right to fair treatment. "The goal is this: to treat them with trust, with respect, with accuracy and with fairness. It's that simple."

Top management's recent apology for poor treatment of taxpayers was both courageous and necessary. This action, taken with this report, signals the change within the IRS and in the relationship between the IRS and the American taxpayer. These changes signal a new era in which the IRS employees can earn the trust of the taxpayers and take greater pride in the changes they're making on their behalf.

The more than 100,000 employees of the IRS were represented on the Task Force by people like Nancy Eik, a customer service representative in a walk-in center in Missoula, Montana. Ms. Eik spends every Saturday during the tax season at the public library helping people fill out their tax forms. This is the type of IRS employee service that will help rebuild the pride, energy and professionalism of the IRS.

Task Force members believe that by taking the steps in this report, IRS employees will be able to provide better customer service and work to restore the morale of the workforce. For government reinvention to be successful — legitimate and lasting — it must come from both the front-line workers and the customers. This report is based on that honest feedback from the front lines and the customers of the IRS.

The IRS is the agency of the federal government that most Americans must deal with every year. Nothing else in government reaches out and touches so many Americans so directly. And no agency has a greater responsibility to protect its customers and serve our nation's citizens with fairness, courtesy and respect.